

## Message Text

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ORIGIN STR-07

INFO OCT-01 EA-10 ISO-00 STRE-00 EB-08 AGRE-00 COME-00  
H-01 CIAE-00 INR-10 NSAE-00 TRSE-00 /037 R

DRAFTED BY STR/APORGES  
APPROVED BY STR/AWWOLFF  
STR/SSCHWAB  
STR/JSTARKEY  
STATE/JCUNNINGHAM (INFO)  
STATE/HCOCHRAN (INFO)  
AGRI/FAS/RSCHROETER (INFO)  
-----043349 111426Z /64  
R 111155Z AUG 78  
FM SECSTATE WASHDC  
TO AMEMBASSY TOKYO

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E.O. 11652: N/A

TAGS: JA

SUBJECT: WOLFF MEETING WITH JAPANESE DIET DELEGATION  
AUGUST 8

REF: TOKYO 13998

1. SUMMARY: JAPANESE DIET DELEGATION MET WITH AMB. WOLFF  
(STR) AUG. 8 TO RESTATE JAPANESE POSITION ON AGRICULTURAL  
IMPORT LIBERALIZATION.

2. JAPANESE DELEGATION (DIETMEN HIGAKI AND SATO, HIRANO  
(MAFF) AND ABE OF ZENCHU, WITH FUKADA AND UNNO OF EMBASSY)  
MET WITH DEPUTY STR AMB. WOLFF AND ASST. STR STARKEY AUG. 8.  
HIGAKI RESTATED GENERALLY JAPANESE POSITION ON AGRICULTURAL  
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CONCESSIONS IN MTN: TRADE SURPLUS IS NOT CAUSED BY AGRI-  
CULTURE BUT BY MANUFACTURES, AND U.S. AGRICULTURAL ACCESS  
WILL NOT IMPROVE TRADE BALANCE; GREAT DIFFERENCES EXIST  
BETWEEN U.S. AND JAPANESE ECONOMIES: PRESENT STRENGTH OF  
JAPANESE ECONOMY IS DECEPTIVE. SATO NOTED SOYBEAN EMBARGO  
AS EXAMPLE OF WHY JAPAN NEEDS SELF-SUFFICIENCY IN FOOD.

3. WOLFF RESTATED USG POSITION: AGRICULTURE, PARTICULARLY CITRUS, IS NOT PRIMARILY AN ECONOMIC BUT A POLITICAL PROBLEM. WE HAVE BEEN REQUESTED BY MEMBERS OF CONGRESS TO

IMPOSE A 15 PERCENT SURCHARGE ON IMPORTS FROM JAPAN, WHICH THE ADMINISTRATION THINKS INAPPROPRIATE. SURCHARGE REQUEST GROWS FROM FRUSTRATION OVER JAPANESE TRADE SURPLUS AND SLOW PROGRESS IN MTN. WE NEED SUPPORT OF AGRICULTURAL SECTOR, IN VIEW OF INCREASINGLY NATIONALISTIC SENTIMENTS, RISE IN U.S. PROTECTIONISM IN INDUSTRIAL SECTOR, AND SURPLUS-GENERATED STRAINS THAT COULD WORK TO DETRIMENT OF U.S.-JAPAN ECONOMIC RELATIONSHIP. WE NEED TO RESOLVE THESE U.S.-JAPAN AGRICULTURAL TRADE ISSUES. JAPAN NEEDS TO DEMONSTRATE THAT ITS MARKET IS OPEN. SOYBEAN EMBARGO WAS "REGRETTABLE ABERRATION, IN U.S. POLICY, SAID WOLFF. EVEN WITH RESTRICTIONS U.S. TRIED TO BE RELIABLE SUPPLIER.

4. SATO SAID THAT U.S. ECONOMY IS NOT EXPORT-DEPENDENT, AND SO U.S. EXPORTERS ARE NOT ENERGETIC IN ADAPTING TO JAPANESE MARKET WHICH IS WIDE OPEN TO U.S. INDUSTRIAL PRODUCTS. HIGAKI REITERATED THAT THE TRADE SURPLUS IS NOT THE FAULT OF AGRICULTURE AND AGRICULTURE SHOULD NOT HAVE TO PAY. PRODUCERS MUST BE POLITICALLY PROTECTED.

5. WOLFF NOTED THAT BALANCING TRADE BY SECTOR WILL NOT WORK. THE PROSPERITY OF BOTH THE U.S. AND JAPAN DEPENDS LIMITED OFFICIAL USE

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ON UTILIZING THE COMPARATIVE ADVANTAGE OF EACH. WE SHOULD HAVE AS OPEN A MARKET IN JAPAN FOR ORANGES, CITRUS JUICE, CHICKEN, CHERRIES, WINE AND GRAIN-FED BEEF, AS JAPAN HAS IN THE U.S. FOR MANUFACTURED GOODS.

6. ON CITRUS, WOLFF REITERATED U.S. POSITION: WE ARE EMPHASIZING OFF-SEASON ACCESS, APRIL-SEPTEMBER. LIBERALIZATION WOULD NOT HARM JAPANESE PRODUCERS, AS JAPANESE MIKAN ORANGES WOULD CONTINUE TO SELL WELL. WOLFF CITED OKINAWA EXAMPLE PER REFTEL. MIKAN RECEIPTS ARE A SMALL SHARE OF INCOME FOR MOST PRODUCERS. JAPANESE CONSUMERS ARE HURT BY EXORBITANT PRICES FOR IMPORTED ORANGES--Y150-200 PER ORANGE RECENTLY IN TOKYO, COMPARED TO 10 CENTS (Y20) IN WASHINGTON, D.C. THE ONLY GROUP THAT WILL SUFFER FROM LIBERALIZATION IS THE IMPORTERS--WHO MADE APPROXIMATELY \$12 MILLION PROFIT IN JULY ALONE. IF WE CANNOT RESOLVE THE LIBERALIZATION ISSUE IN THE MTN, WE WILL HAVE TO CHALLENGE THE LEGALITY OF JAPANESE AGRICULTURAL QUOTAS IN THE GATT.

7. HIGAKI STATED JAPANESE FEARS: FARMERS STILL REMEMBER THAT CITRUS LIBERALIZATION HAS ALREADY WIPED OUT LEMON AND

OLD-STYLE NATSU MIKAN PRODUCERS. JAPANESE REFRIGERATION TECHNOLOGY IS SUPERIOR TO THAT IN U.S., AND ORANGES MIGHT BE STORED LONGER THAN U.S. CLAIMS IS POSSIBLE.

8. WOLFF SAID THAT JAPANESE CITRUS IMPORTS WERE STILL, FROM JAPANESE CONSUMERS POINT OF VIEW, CRIMINALLY SMALL. "IMPORT ONLY WHAT YOU CAN'T PRODUCE" MIGHT SOUND GOOD TO JAPANESE FARMERS--BUT IT WOULD DESTROY THE JAPANESE ECONOMY IF WE APPLIED IT TO OUR IMPORTS OF THEIR STEEL OR OTHER MANUFACTURES. VANCE

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## Message Attributes

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**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TRADE LIBERALIZATION, CODELS  
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**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
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**Executive Order:** N/A  
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**Original Handling Restrictions:** n/a  
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**Type:** TE  
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**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014